ANNUAL REPORT

PLUMBERS AND STEAMFITTERS LOCAL 486 MEDICAL FUND

February 13, 2017

BOLTON PARTNERS

February 13, 2017

Trustees
Plumbers and Steamfitters Local 486 Medical Fund
911 Ridgebrook Road
Sparks, MD 21152

Dear Trustees:

The following report sets forth the annual projection for the Fund's 2017 through 2019 income in comparison with the projected cost of benefits and administration. The report is based on claims information and other pertinent data provided by the Medical Fund Administrator. The report generally follows the format of previous years.

EXECUTIVE SUMMARY

- 2016 produced a gain of $4,253,000, much better than the projected gain (at 2,300,000 hours) of $1,988,000. The gain is taken from the Schedules page of the Administrative Managers Report, which includes the unrealized gain in the investment portfolio.

- Estimates were made for the Incurred but Not Reported (IBNR) claim reserve and eligibility extension (see Exhibit 14). An additional recommended minimum reserve of three months of expenses was added to these immediate liabilities to arrive at a total recommended minimum reserve of 10.50 months of expenses.

- Self-funded benefit cost trends (per-head basis; adjusted for benefit changes):

Period	Trend
2014 vs. 2013	8%
2015 vs. 2014	(14%)
2016 vs. 2015	14%

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Employee Benefits and Investment Consulting

- The above costs incorporate the change in the ending claim reserve. That change was a significant reduction at the end of 2015 (compared to 2014), but was a more normal, modest increase at the end of 2016. This explains the difference between the claims paid per head and the claims incurred per head. Even with the increase in 2016, the trend between 2013 and 2016 was only 2%.

- Prescription costs per participant increased by 5% vs. 2015, compared to a 11% increase the previous year (and a 24% increase the prior year). Self-insured medical costs per participant **on a paid claim basis,** increased by 2% (vs. a 20% decrease last year and a 9% increase the prior year).

- HMO premiums were lower than in 2015 by 1%, primarily due to the 2016 renewal being a no rate change.

- History of hours worked and months in reserve:

Plan Year Ending	Hours Worked	Reserve Months
12/31/08	3,256,498	12.4
12/31/09	3,311,238	13.7
12/31/10	2,265,954	12.3
12/31/11	2,439,314	11.3
12/31/12	2,508,000	10.8
12/31/13	2,290,173	10.4
12/31/14	2,319,689	11.3
12/31/15	2,460,493	13.4
12/31/16	2,652,808	15.8

SUMMARY OF 2016 RESULTS

Based on a total of 2,652,808 hours worked, the actual cost of benefits provided during 2016, including administration, was 625.65 cents per hour. Total income was 785.98 cents per hour; this resulted in a gain of 160.3 cents per hour or approximately $4,253,000.

Exhibit 1 illustrates 2016 benefit costs on a cents-per hour basis. The original projected total cost for 2016, using 2,300,000 hours, was 731.93 cents per hour, with projected income

- The above costs incorporate the change in the ending claim reserve. That change was a significant reduction at the end of 2015 (compared to 2014), but was a more normal, modest increase at the end of 2016. This explains the difference between the claims paid per head and the claims incurred per head. Even with the increase in 2016, the trend between 2013 and 2016 was only 2%.

- Prescription costs per participant increased by 5% vs. 2015, compared to a 11% increase the previous year (and a 24% increase the prior year). Self-insured medical costs per participant **on a paid claim basis,** increased by 2% (vs. a 20% decrease last year and a 9% increase the prior year).

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Based on a total of 2,652,808 hours worked, the actual cost of benefits provided during 2016, including administration, was 625.65 cents per hour. Total income was 785.98 cents per hour; this resulted in a gain of 160.3 cents per hour or approximately $4,253,000.

Exhibit 1 illustrates 2016 benefit costs on a cents-per hour basis. The original projected total cost for 2016, using 2,300,000 hours, was 731.93 cents per hour, with projected income of 818.37 cents per hour. This would have resulted in a gain of 86.4 cents per hour or approximately $1,988,000. The actual result was a gain of 160.33 cents per hour, with contribution income higher and costs lower than expected. Exhibit 2 details the projection variance on a cents-per-hour and total dollar basis.

We estimate the Fund has reserves, as of the end of 2016, of 15.82 months, which is above the recommended minimum level by 5.3 months. Note that the reserves are higher for this report than they appear in the Administrator's reports. This report starts with the "Net Assets Available for Benefits" from the auditor's most recent report (for the year ending 12/31/15). This number ($17,810,960, from page 3 of their report) includes receivables (primarily employer contributions) and payables, which are not included in the cash-basis reports provided by the Administrator. We use this number as our starting point, which you can see on Exhibit 8, the line called "Beginning Balance - Market Basis." We believe this provides consistency between our report and the audited financial statements, and provides the best gauge of Fund assets and financial condition.

SELF-FUNDED MEDICAL CLAIMS EXPERIENCE

Exhibit 3 is an analysis of 2016 self-funded experience by claim categories compared to 2015 experience. The change in the total medical amount paid was +3%. Total prescription dollars were higher by 6%. Overall, the change to dollars paid was an increase of 4% for all claims. However, the average number of participants (with medical) was higher by 1% compared to 2015, so that on a per participant basis, costs were higher by 3%, compared to a 12% decrease last year. Accounting for the change in the IBNR reserve (producing Incurred Claims), the cost per head increased by 13.9% (compared to a decrease of 14.2% last year).

Exhibit 4 is an analysis of compounded annual cost increases for the self-funded plan and the HMOs. From 2006 through 2012, it shows that the HMO plan(s) maintained a relative advantage on a cost per participant basis compared to the self-funded plan. This has fluctuated over the last four years, but the HMO is expected to have a relative cost advantage for 2017. As we have indicated in the past, it has been advantageous to keep the HMO option(s) since they have tended to attract members with higher medical costs, which otherwise would have generated much higher expenses for the self-insured fund.

Exhibits 5 and 6 provide participation summaries for the self-funded plan and the HMOs. As can be seen on Exhibit 5, the number of active participants increased from 1,218 to 1,276 (+4.8%). The number of retiree members decreased from 478 to 476. Further splitting the retired participants, the total pre-Medicare head count increased slightly from 164 to 174 while the Medicare head count reduced from 598 to 570 (these numbers estimate total family members).

PROJECTED COSTS FOR 2017

The two critical elements for the projection of future costs are the number of hours worked and the self-insured costs. Three projections have been used to anticipate different levels of hours worked. Hours estimates of 2,600,000; 2,300,000; and 2,000,000 were used to simulate best to worse case scenarios. Exhibit 7 looks at an illustration of benefits costs in cents per hour in 2015 and 2016 on an actual basis and projects 2017 under the three hours worked models. All projections assume the current hourly rate.

In projecting claim payments for 2017, we began with the experience over the last two years. The claims experience for 2015 and 2016 were weighted equally. We have modified slightly the rates of healthcare inflation (both for the self-insured plan and the HMO) that we used last year (when we used 9% for both). We are now assuming a rate of inflation of 7.5% for medical and 10% for drug, which weights out to a composite of 8.25%. This is consistent with the lower end of what insurance companies are currently using and reflects the longer term trend of this Fund, which can be seen on Exhibit 4 and which continues to improve. The projections were adjusted for changes in enrollment. Projections for the self-insured medical costs were adjusted for the impact of the changes made as of June 2015 (increased prescription copayments for the active employees and pre-Medicare retirees) and January 2017 (reduction in the self-insured deductible). The new HMO and Labor First rates were incorporated into the projections. Estimated costs for the Reinsurance Fee required by the Affordable Care Act have also been included. We have assumed $27 per active and pre-Medicare retiree member for 2017 (the 2016 fee paid in 2017). As can be seen in Exhibit 7, the different hours worked assumptions produce 2017 results ranging from a gain of $0.67 cents per hour to a loss of $0.40 per hour. Exhibit 8 converts the 2017 projections to a total dollar basis under each of the hours worked scenarios. The results are range from a gain of $1,734,000 to a loss of $804,000.

Exhibits 9 through 12 look at three-year projections for the Fund based on the hours worked scenarios. The contribution rate is assumed to average $7.15 per hour for all years (which represents the current average hourly rate, based on the rate shown in the Administrators reports for the last half of 2016). Other assumptions used for the three-year projections are found on Exhibit 9.

The projections show gains for 2017 at the two higher hours worked levels, a gain for 2018 only at 2,600,000 hours, and losses for 2019 at all three hour levels. The reserves are at or above the recommended level for all scenarios with the exception of 2.0 million hours for the 2019 plan year.

COMMENTARY

The projected results are generally optimistic, at least at recent levels of hours worked, and reflect the significant improvement of the Fund's reserve position, attributable to two years in a row of very significant gains. The projections also assume a level of healthcare inflation that is above historical averages, and do not assume any changes to the current contribution rate.

Exhibit 15 indicates the actual costs for the retirees compared to their contributions. Prior to 2015, the retirees consistently paid between 28% and 30% of the costs. Due to the significant drop in costs for the pre-Medicare retirees, the retiree's share of total costs increased to 39% in 2015 and 36% in 2016. The dollar amount of the costs absorbed by the Fund, which had been $3.2 million in both 2013 and 2014, dropped to $2,245,000 in 2015 and $2,580,000 in 2016.

We will continue to closely monitor costs and trends and suggest initiatives intended to keep the Fund healthy. We look forward to working with the Trustees in meeting the Fund's objectives of maintaining fiscal health and providing excellent benefits to its members.

Respectfully Submitted,
BOLTON PARTNERS, INC.

Mark L. Lynne
President, Health Plan Consulting Division

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EXHIBIT 1

2016 ILLUSTRATION OF BENEFIT COST

	Cents per hour		
	Based on 2,300,000 hours		Based on 2,652,808 hours
	Projected Cost	Actual Cost	Actual Cost
Loss of Time	2.36	3.49	3.03
Dental	20.44	19.28	16.72
Self-Insured Medical			
Hospital	105.42	97.04	84.13
Surgical	26.17	23.58	20.44
Medical	53.87	56.61	49.08
DXL	31.75	31.31	27.15
Accident	1.36	1.94	1.68
Sudden & Serious	15.66	15.28	13.25
Major Medical	10.60	15.97	13.85
Prescription	113.30	114.74	99.48
Labor First	108.03	103.98	90.15
Total Self-Insured Medical	**488.96**	**483.22**	**418.96**
HMO Premiums	201.32	201.08	174.34
Total All Medical	**690.28**	**684.30**	**593.30**
Administration	38.80	34.46	29.88
ACA Reinsurance Fee	2.84	2.85	2.47
Total Cost	**731.93**	**721.61**	**625.65**
Income			
Contributions	804.97	880.51	763.41
Investment Income	13.40	26.03	22.57
Total Income	**818.37**	**906.54**	**785.98**
Surplus/(Deficit)	**86.44**	**184.93**	**160.33**

EXHIBIT 2

ANALYSIS OF PROJECTION VARIANCE

	Cents per hour (Based on 2,300,000 hours)	Amount
PROJECTED SURPLUS/(DEFICIT)	**86.44**	**$1,988,212**
SUMMARY OF GAINS RELATIVE TO PROJECTIONS		
Higher Contributions	75.54	$ 1,737,420
Lower Self-Funded Benefits	5.74	132,050
Lower Administrative Costs	4.34	99,820
Higher Investment Income	12.63	290,490
Lower HMO Premiums	0.24	5,520
Total Relative Gains	**$ 98.49**	**$ 2,265,300**
SUMMARY OF LOSSES RELATIVE TO PROJECTIONS		
Higher ACA Reinsurance Fee	(0.01)	(122)
Total Relative Losses	**$ (0.01)**	**$ (122)**
ACTUAL GAIN REALIZED	**$ 184.93**	**$ 4,253,390**

EXHIBIT 3

2016 AND 2015 CLAIMS ANALYSIS

	Total 2016	Total 2015	% Increase (Decrease)
# Participants - Non Medical	3,375	3,317	2%
Loss of Time			
Amount	$80,306	$51,958	55%
Cost per Member	$23.80	$15.67	52%
Dental			
Amount	$443,553	$449,885	-1%
Cost per Member	$131.43	$135.65	-3%
Prescription Drug			
Amount	$2,638,883	$2,493,603	6%
Cost per Member	$1,250.36	$1,193.73	5%
TOTAL NON-MEDICAL			
Amount	$3,162,741	$2,995,445	6%
Cost per Member	$1,363.31	$1,305.44	4%

EXHIBIT 3

2016 AND 2015 CLAIMS ANALYSIS

	Total 2016	Total 2015	% Increase (Decrease)
# Participants - Medical	2,111	2,089	1%
BASIC MEDICAL			
Hospitalization			
Amount	$2,231,901	$2,320,167	-4%
Cost per Member	$1,057.52	$1,110.70	-5%
Surgical			
Amount	$542,163	$576,121	-6%
Cost per Member	$256.89	$275.80	-7%
Medical			
Amount	$1,302,079	$1,194,304	9%
Cost per Member	$616.95	$571.73	8%
Diag., X-ray& Lab			
Amount	$720,162	$698,687	3%
Cost per Member	$341.23	$334.47	2%
Accident			
Amount	$44,666	$29,972	49%
Cost per Member	$21.16	$14.35	47%
Sudden & Serious			
Amount	$351,429	$344,806	2%
Cost per Member	$166.51	$165.06	1%
TOTAL BASIC MEDICAL			
Amount	**$5,192,400**	**$5,164,058**	**1%**
Cost per Member	$2,460.27	$2,472.12	0%
Major Medical			
Amount	**$367,396**	**$233,259**	**58%**
Cost per Member	$174.08	$111.66	56%

EXHIBIT 3

2016 AND 2015 CLAIMS ANALYSIS

	Total 2016	Total 2015	% Increase (Decrease)
Total All Medical			
Amount	**$5,559,796**	**$5,397,316**	**3%**
Cost per Member	$2,634.35	$2,583.79	2%
Total Non-Medical			
Amount	**$3,162,741**	**$2,995,445**	**6%**
Cost per Member	$1,363.31	$1,305.44	4%
Health Care Spending Account			
Amount	**$0**	**$0**	
Cost per Member	$0.00	$0.00	
Total All Claims			
Paid Amount	**$8,722,538**	**$8,392,762**	**3.9%**
Cost per Member	**$3,997.66**	**$3,889.22**	**2.8%**
Incurred Amount	**$8,837,591**	**$7,671,764**	**15.2%**
Cost per Member	**$4,050.39**	**$3,555.11**	**13.9%**

EXHIBIT 4

COMPARISON OF MEDICAL COST TRENDS
(Self-Insured Vs. HMOs)

	Medical Costs			Total Estimated Participants			Annual Cost Per Participant		
	Self-Insured Costs	HMO Premiums	Total Costs	Self-Insured	HMO	Total	Self-Insured	HMO	Total
2005	6,531,735	3,967,758	10,499,493	2,468	1,575	4,043	2,646.57	2,519.21	2,596.96
2006	7,456,578	4,207,240	11,663,818	2,459	1,558	4,017	3,032.36	2,700.41	2,903.61
2007	8,426,532	3,823,922	12,250,454	2,616	1,493	4,109	3,221.15	2,561.23	2,981.37
2008	9,660,044	4,017,551	13,677,595	2,770	1,535	4,305	3,487.38	2,617.30	3,177.14
2009	9,774,843	4,339,648	14,114,491	2,942	1,525	4,467	3,322.52	2,845.67	3,159.72
2010	11,182,921	4,951,223	16,134,144	2,723	1,508	4,231	4,106.84	3,283.30	3,813.32
2011	11,091,487	3,233,266	14,324,753	2,623	1,124	3,747	4,228.55	2,876.57	3,822.99
2012	12,655,681	3,774,008	16,429,689	2,646	1,180	3,826	4,782.95	3,198.31	4,294.22
2013	9,020,307	4,885,219	13,905,526	2,627	1,128	3,755	3,433.69	4,330.87	3,703.20
2014	9,730,360	4,013,909	13,744,269	2,370	1,168	3,538	4,105.64	3,436.57	3,884.76
2015	8,359,498	4,646,513	13,006,011	2,184	1,168	3,352	3,827.61	3,978.18	3,880.07
2016	8,674,299	4,624,832	13,299,131	2,132	1,171	3,303	4,068.62	3,949.47	4,026.38
				Annual Rate of Change			3.99%	4.17%	4.07%
				Last Year Rate of Change			6.30%	-0.72%	3.77%
2017(Est)	**$8,835,128**	**$5,104,850**	**$13,939,978**	**1,937**	**1,168**	**3,105**	**$4,560.65**	**$4,371.29**	**$4,489.43**

Notes: Estimated participants includes dependents
Self-Insured Costs do not include Spending Account, Loss of Time, or Dental Claims; include 60% of administrative costs
Costs for Medicare-Eligibles are removed from this comparison

EXHIBIT 5

PARTICIPATION SUMMARY

	2015	2016	2017
ACTIVE MEMBERS			
Single	391	414	493
Family	843	804	783
Total	**1,234**	**1,218**	**1,276**
RETIRED MEMBERS			
Not on Medicare			
Single	28	16	21
Split	51	63	65
Family	27	32	34
Total	**106**	**111**	**120**
Medicare			
Single	133	97	127
Family	170	173	154
Total	**303**	**270**	**281**
SURVIVORS			
Not on Medicare			
Single	4	5	3
Family	-	-	2
Total	**4**	**5**	**5**
Medicare			
Single	**74**	**92**	**70**
TOTAL NON-ACTIVE MEMBERS	**487**	**478**	**476**
TOTAL ALL COVERED MEMBERS	**1,721**	**1,696**	**1,752**

EXHIBIT 6

HMO PARTICIPATION

	1/1/2015	1/1/2016	1/1/2017
COVENTRY/AETNA			
Single	50	65	85
Family	319	318	317
Medicare	0	0	0
Total	**369**	**383**	**402**
KAISER PERMANENTE			
Single	0	8	11
Family	0	8	13
Medicare	0	0	0
Total	**0**	**16**	**24**
ALL HMO'S			
Single	50	73	96
Family	319	326	330
Medicare	0	0	0
Total	**369**	**399**	**426**
ANNUALIZED PREMIUM	**$4,592,875**	**$4,786,349**	**$5,468,554**

EXHIBIT 7

ILLUSTRATION OF BENEFIT COSTS EXPERIENCED IN CENTS PER HOUR

	2015 2,460,493 Hours	2016 2,652,808 Hours	Projected 2017 2,600,000 Hours	Projected 2017 2,300,000 Hours	Projected 2017 2,000,000 Hours
Dental	18.28	16.72	18.39	19.60	21.17
Loss of Time	2.11	3.03	3.33	3.55	3.84
Medical					
Hospital	94.30	84.13	92.52	98.62	106.54
Surgical	23.41	20.44	22.48	23.96	25.89
Medical	48.19	49.08	53.98	57.53	62.16
DXL	28.40	27.15	29.86	31.83	34.38
Accident	1.22	1.68	1.85	1.97	2.13
Sudden & Serious	14.01	13.25	14.57	15.53	16.78
Major Medical	9.48	13.85	15.23	16.24	17.54
Prescriptions	101.35	99.48	109.41	116.61	125.98
Labor First	96.83	90.15	100.14	113.20	130.19
Medicare Supplement	0.35	-	-	-	-
Total Self-Insured Medical	**437.93**	**418.96**	**461.76**	**498.64**	**546.60**
HMO Premium	188.84	174.34	208.24	221.95	239.78
Total All Medical	**626.77**	**593.30**	**670.00**	**720.59**	**786.38**
ACA Reinsurance Fee	-	2.47	1.64	1.86	2.14
Administration	32.32	29.88	32.21	36.41	41.87
Total Cost	**659.09**	**625.65**	**703.86**	**758.86**	**830.38**
Income					
Contribution	786.50	763.41	758.70	766.26	776.09
Investment Income	0.37	22.57	11.79	12.78	14.06
Total Income	**786.87**	**785.98**	**770.49**	**779.04**	**790.15**
Surplus/(Deficit)	**127.78**	**160.33**	**66.63**	**20.18**	**(40.23)**

EXHIBIT 8

2017 PROJECTIONS
(000 Omitted)

	Actual 2016	PROJECTED 2017 Current Hourly Contribution 2,600,000 Hours	Current Hourly Contribution 2,300,000 Hours	Current Hourly Contribution 2,000,000 Hours
REVENUE				
Employer Contributions	$18,795	$18,219	$16,117	$14,015
Member Contributions	1,457	1,507	1,507	1,507
Investment Earnings (Market basis)	599	307	294	281
Total	**$20,851**	**$20,033**	**$17,918**	**$15,803**
DISBURSEMENTS				
Self-Funded	$8,723	$9,402	$8,865	$8,328
Labor First	2,392	2,604	2,604	2,604
ACA Reinsurance Fee	65	43	43	43
HMO	4,625	5,414	5,105	4,796
Subtotal	**$15,805**	**$17,462**	**$16,616**	**$15,770**
Expenses	793	837	837	837
Total	**$16,598**	**$18,299**	**$17,453**	**$16,607**
SURPLUS/(DEFICIT)	**$4,253**	**$1,734**	**$465**	**($804)**
FUND BALANCE				
Beginning Balance - Market Basis	$17,811	$22,064	$22,064	$22,064
Increase/(Decrease)	4,253	1,734	465	(804)
Ending Market Balance	**$22,064**	**$23,798**	**$22,529**	**$21,260**
RESERVE LEVEL - BEGINNING YEAR				
Beginning Balance - Market Basis	$17,811			
Less Minimum Reserve Requirement 10.5 months	13,921			
Reserve Surplus/(Deficit)	**$3,890**			
RESERVE LEVEL - END YEAR				
Ending Balance - Market Basis	$22,064	$23,798	$22,529	$21,260
Less Minimum Reserve Requirement 10.5 months	14,639	16,565	15,796	15,029
Reserve Surplus/(Deficit)	**$7,425**	**$7,233**	**$6,733**	**$6,231**
RESERVE LEVEL - IN MONTHS				
Beginning Balance - Market Basis	13.43			
Ending Balance - Market Basis	**15.82**	**15.08**	**14.97**	**14.85**

EXHIBIT 9

THREE YEAR PROJECTIONS

Assumptions

1. Annual Rates of Inflation

a. Self-Funded Medical Benefits:	8.26%
b. Health Maintenance Organizations:	8.26%
c. Administrative Expenses:	3.0%

2. Annual Hours Worked

a. Projection A:	2,600,000
b. Projection B:	2,300,000
b. Projection C:	2,000,000

3. Retiree Contributions - remain unchanged at current rates

4. Annual Investment Earnings Yield: 2.00%

5. Average Annual Contribution Rate, Current (journeymen and apprentices, hourly) **7.15**

EXHIBIT 10

PROJECTION A
(2,600,000 Hours Worked)

	Actual 2016	PROJECTED 2017	PROJECTED 2018	PROJECTED 2019
REVENUE				
Employer Contributions	$18,795	$18,219	$18,219	$18,219
Member Contributions	1,457	1,507	1,580	1,656
Investment Earnings (Market basis)	599	307	314	291
Total	**$20,851**	**$20,033**	**$20,113**	**$20,167**
DISBURSEMENTS				
Self-Funded	$8,723	$9,402	$10,178	$11,018
Labor First	2,392	2,604	2,819	3,051
ACA Reinsurance Fee	65	43	29	0
HMO	4,625	5,414	5,861	6,345
Subtotal	**$15,805**	**$17,462**	**$18,887**	**$20,414**
Expenses	793	837	863	889
Total	**$16,598**	**$18,299**	**$19,750**	**$21,303**
SURPLUS/(DEFICIT)	**$4,253**	**$1,734**	**$363**	**($1,137)**
FUNDING BALANCE				
Beginning Balance - Market Basis	$17,811	$22,064	$23,798	$24,161
Increase/(Decrease)	4,253	1,734	363	(1,137)
Ending Market Balance	**$22,064**	**$23,798**	**$24,161**	**$23,024**
RESERVE LEVEL - BEGINNING YEAR				
Beginning Balance - Market Basis	$17,811			
Less Minimum Reserve Requirement 10.5 months	13,921			
Reserve Surplus/(Deficit)	**$3,890**			
RESERVE LEVEL - END YEAR				
Ending Balance - Market Basis	$22,064	$23,798	$24,161	$23,024
Less Minimum Reserve Requirement 10.5 months	14,639	16,565	17,868	19,406
Reserve Surplus/(Deficit)	**$7,425**	**$7,233**	**$6,293**	**$3,618**
RESERVE LEVEL - IN MONTHS				
Beginning Balance - Market Basis	13.43			
Ending Balance - Market Basis	**15.82**	**15.08**	**14.20**	**12.46**

EXHIBIT 11

PROJECTION B
(2,300,000 Hours Worked)

	Actual 2016	PROJECTED 2017	PROJECTED 2018	PROJECTED 2019
REVENUE				
Employer Contributions	$18,795	$16,117	$16,117	$16,117
Member Contributions	1,457	1,507	1,580	1,656
Investment Earnings (Market basis)	599	294	277	231
Total	**$20,851**	**$17,918**	**$17,974**	**$18,004**
DISBURSEMENTS				
Self-Funded	$8,723	$8,865	$9,597	$10,389
Labor First	2,392	2,604	2,819	3,051
ACA Reinsurance Fee	65	43	29	0
HMO	4,625	5,105	5,526	5,982
Subtotal	**$15,805**	**$16,616**	**$17,971**	**$19,422**
Expenses	793	837	863	889
Total	**$16,598**	**$17,453**	**$18,834**	**$20,311**
SURPLUS/DEFICIT	**$4,253**	**$465**	**($860)**	**($2,308)**
FUND BALANCE				
Beginning Balance - Market Basis	$17,811	$22,064	$22,529	$21,668
Increase/(Decrease)	4,253	465	(860)	(2,308)
Ending Market Balance	**$22,064**	**$22,529**	**$21,668**	**$19,361**
RESERVE LEVEL - BEGINNING YEAR				
Beginning Balance - Market Basis	$17,811			
Less Minimum Reserve Requirement 10.5 months	13,921			
Reserve Surplus/(Deficit)	**$3,890**			
RESERVE LEVEL - END YEAR				
Ending Balance - Market Basis	$22,064	$22,529	$21,668	$19,361
Less Minimum Reserve Requirement 10.5 months	14,639	15,796	17,036	18,503
Reserve Surplus/(Deficit)	**$7,425**	**$6,733**	**$4,632**	**$858**
RESERVE LEVEL				
Beginning Balance - Market Basis	13.43			
Ending Balance - Market Basis	**15.82**	**14.97**	**13.35**	**10.98**

EXHIBIT 12

PROJECTION C
(2,000,000 Hours Worked)

	Actual 2016	PROJECTED 2017	PROJECTED 2018	PROJECTED 2019
REVENUE				
Employer Contributions	$18,795	$14,015	$14,015	$14,015
Member Contributions	1,457	1,507	1,580	1,656
Investment Earnings (Market basis)	599	281	239	170
Total	**$20,851**	**$15,803**	**$15,834**	**$15,841**
DISBURSEMENTS				
Self-Funded	$8,723	$8,328	$9,016	$9,760
Labor First	2,392	2,604	2,819	3,051
ACA Reinsurance Fee	65	43	29	0
HMO	4,625	4,796	5,192	5,621
Subtotal	**$15,805**	**$15,770**	**$17,056**	**$18,432**
Expenses	793	837	863	889
Total	**$16,598**	**$16,607**	**$17,919**	**$19,321**
SURPLUS/DEFICIT	**$4,253**	**($804)**	**($2,085)**	**($3,481)**
FUND BALANCE				
Beginning Balance - Market Basis	$17,811	$22,064	$21,260	$19,175
Increase/(Decrease)	4,253	(804)	(2,085)	(3,481)
Ending Market Balance	**$22,064**	**$21,260**	**$19,175**	**$15,694**
RESERVE LEVEL - BEGINNING YEAR				
Beginning Balance - Market Basis	$17,811			
Less Minimum Reserve Requirement 10.5 months	13,921			
Reserve Surplus/(Deficit)	**$3,890**			
RESERVE LEVEL - END YEAR				
Ending Balance - Market Basis	$22,064	$21,260	$19,175	$15,694
Less Minimum Reserve Requirement 10.5 months	14,639	15,029	16,205	17,601
Reserve Surplus/(Deficit)	**$7,425**	**$6,231**	**$2,970**	**($1,907)**
RESERVE LEVEL				
Beginning Balance - Market Basis	13.43			
Ending Balance - Market Basis	**15.82**	**14.85**	**12.42**	**9.36**

EXHIBIT 13

HISTORICAL AND PROJECTED RESERVES
(000 Omitted)

Date	Assets (Market Basis)	Average Monthly Disbursements	Reserves (Months of Disbursements)
Historical Results:			
12/31/2014	14,717	1,302	11.30
12/31/2015	17,811	1,326	13.43
12/31/2016	22,064	1,394	15.83
12/31/2017 Projections at:			
2,600,000	$23,798	1,578	15.08
2,300,000	22,529	1,505	14.97
2,000,000	21,260	1,432	14.85
12/31/2018 Projections at:			
2,600,000	$24,161	1,702	14.20
2,300,000	21,668	1,623	13.35
2,000,000	19,175	1,544	12.42
12/31/2019 Projections at:			
2,600,000	$23,024	1,849	12.46
2,300,000	19,361	1,763	10.98
2,000,000	15,694	1,677	9.36

EXHIBIT 14

CALCULATION OF TERMINATION LIABILITY AT DECEMBER 31, 2016

COVERAGE FOR ACTIVE MEMBERS:

Period of Extended Coverage	Number of Members
2 Months	89
5 Months	103
8 Months	468
11 Months	615
Total	**1,276**

AVERAGE NUMBER MONTHS PER ACTIVE MEMBER: 8.78

Cost to Fund Extended Coverage:	$9,684,962
Reserve for Incurred but not Reported Self-Insured Medical/Rx Claims:	$1,220,585
Total Termination Liability	$10,905,547
Total Disbursements	$17,453,453
Required Number of Reserve Months	**7.50**
Recommended minimum months of "insurance reserve"	3.00
Recommended Minimum Number of Reserve Months	**10.50**

EXHIBIT 15

RETIREE COST/CONTRIBUTION HISTORY

	2014	2015	2016
Medical Claims			
Pre-Medicare	$ 1,580,190	$ 692,641	$ 863,498
Medicare	-	-	-
Total	$ 1,580,190	$ 692,641	$ 863,498
Drug Claims			
Pre-Medicare	$ 449,809	$ 389,727	$ 439,242
Medicare	-	-	-
Total	$ 449,809	$ 389,727	$ 439,242
HMO Premium	$ 181,584	$ 232,305	$ 306,593
Labor First	$ 2,382,988	$ 2,382,596	$ 2,391,624
Total Costs			
Pre-Medicare	$ 2,211,583	$ 1,314,673	$ 1,609,332
Medicare	2,382,988	2,382,596	2,391,624
Total	$ 4,594,571	$ 3,697,269	$ 4,000,956
Retiree Contributions			
Pre-Medicare	$ 499,847	$ 571,210	$ 625,737
Medicare	870,074	881,331	795,162
Total	$ 1,369,920	$ 1,452,541	$ 1,420,900
Medicare Part D Subsidy	$ -	$ -	$ -
Fund Subsidy	$ 3,224,650	$ 2,244,727	$ 2,580,056
in cents per hour	$ 1.39	$ 0.91	$ 0.97
Retiree Share of Total Costs			
Pre-Medicare	23%	43%	39%
Medicare	37%	37%	33%
Total	30%	39%	36%